Senate

General Assembly **File No. 54**

January Session, 2003 Senate Bill No. 71

Senate, March 25, 2003

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING MEDICAL SAVINGS ACCOUNTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (f) of section 38a-493 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2003*):

(f) Home health care benefits may be subject to an annual deductible of not more than fifty dollars for each person covered under a policy and may be subject to a coinsurance provision which provides for coverage of not less than seventy-five per cent of the reasonable charges for such services. Such policy may also contain reasonable limitations and exclusions applicable to home health care coverage. A "high deductible health plan", as defined in Section 220(c)(2) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, used to establish a "medical savings account" pursuant to Section 220 of said Internal Revenue Code, shall not be subject to the deductible limits set forth in this subsection.

Sec. 2. Subsection (f) of section 38a-520 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2003*):

(f) Home health care benefits may be subject to an annual deductible of not more than fifty dollars for each person covered under a policy and may be subject to a coinsurance provision which provides for coverage of not less than seventy-five per cent of the reasonable charges for such services. Such policy may also contain reasonable limitations and exclusions applicable to home health care coverage. A "high deductible health plan", as defined in Section 220(c)(2) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, used to establish a "medical savings account" pursuant to Section 220 of said Internal Revenue Code, shall not be subject to the deductible limits set forth in this subsection.

This act shall take effect as follows:	
Section 1	*July 1, 2003*
Sec. 2	*July 1, 2003*

INS *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill affects rules regarding private savings plans and does not result in a fiscal impact on the state.

OLR Bill Analysis
SB 71

AN ACT CONCERNING MEDICAL SAVINGS ACCOUNTS

SUMMARY:
This bill exempts high-deductible health insurance policies used to establish federally qualified medical savings accounts (MSAs) from the $50 maximum home health care deductible required in certain health insurance policies.

EFFECTIVE DATE: July 1, 2003

MSA EXEMPT POLICIES

The bill exempts individual and group policies that pay (1) basic hospital expenses, (2) basic medical-surgical expenses, (3) major medical expenses, (4) accident-only expenses, (5) hospital or medical expenses, (6) limited benefit expenses, and (7) hospital and medical expenses covered by HMOs.

BACKGROUND

Medical Savings Accounts

The tax provisions of the 1996 federal Health Insurance Portability and Accountability Act (P.L. 104-191) authorized a four-year demonstration program beginning on January 1, 1997 that allowed up to 750,000 high-deductible health insurance policies to be sold to self-employed people and individuals employed at firms with up to 50 employees. The law mandated a series of cut-off dates for the MSA pilot program dependent on the number of accounts established at various times during the year. The pilot program was to end on October 1, 1999, if the number of MSA returns projected to be filed in 1999 exceeded 750,000. The Internal Revenue Service has determined that the number of MSA returns projected to be filed for 1999 was 44,784. Consequently, October 1, 1999 was not required by statute to be the cut-off date and the pilot program continues.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Report
Yea 9 Nay 5